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This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Police Crackdown in Spain Plays Into Hands of
Communists and Ultra-Rightists

The police crackdown on opposition demonstrations over the weekend will strengthen the hand of those who seek to discredit King Juan Carlos' attempts to open up the Spanish political system.

The Spanish Communist Party, which appears to have taken the lead in organizing the demonstrations, will claim that the use of force and the arrests show that nothing has changed in Spain. The far right will point to the violence as an example of the dangers of liberalization and call for further government crackdowns. The main losers are the forces in the middle-liberal-minded members of the establishment and the non-Communist opposition who favor gradual liberalization of the regime.

Police used strong measures yesterday to disperse some 4,000-5,000 demonstrators gathering near Madrid's Carabanchel prison to demand total amnesty for the many political prisoners not freed by the King's recent limited pardon. Some 200 persons reportedly were seized, but more than 100 were released.

Among those arrested was the Communist labor leader Marcelino Camacho, who was freed a week ago under terms of the King's pardon. Although Camacho did not take part in the demonstration, the police contend that he was involved in planning it. They say he recently incited Madrid University students to join in the demonstration and yesterday gave instructions and coordinated activities of the groups trying to demonstrate.

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Camacho has, in fact, been inviting rearrest--probably at the behest of the Communist Party. Shortly after his release he gave defiant press conferences strongly attacking the government and Juan Carlos and for the past week he has harangued various protest meetings. Nevertheless, his rearrest will doubtless reactivate West European leftists' protests against the Spanish regime.

The police also broke up a demonstration of several hundred persons--including Camacho--who gathered on Friday at a Madrid railway station to welcome home a dissident priest, Father Francisco Garcia Salve, who had also been released from jail by the King's pardon.

The priest and 26 other persons were arrested. The police charge that this demonstration also was planned by Communists. The rearrest of Father Garcia Salve is likely to cause some discomfort to the Church which has of late been outspoken in its support of liberalizing the regime.

The Communist-dominated Democratic Junta on Saturday called for a week of "national democratic action," beginning Wednesday, to protest the King's decision to retain Prime Minister Arias. A junta spokesman admitted that the other main opposition coalition, the Socialist-led Platform of Democratic Convergence, had decided against endorsing the appeal, although some of its members may join in.

The demonstrations will arouse concern on the right and make it more difficult for Arias to bring men favoring political liberalization into the new cabinet he is forming.

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UK Still Plans Import Controls

The British government will apparently go ahead with plans for selective import controls. The final decision on the extent of the controls may have been held up, however, because of negative international reactions.

Michael Foot, secretary of state for employment in the Labor government, told Western diplomats recently that he supports the import controls, and that the government will probably announce them before the end of the month.

Foot indicated that selective controls would be part of a "Christmas package" of measures intended to increase employment. The package will probably include subsidies designed to create new jobs for young workers, and retraining schemes.

Although unemployment is not expected to peak until next year, the government may believe that the package would in part offset the end of Chrysler's operations in the UK. Foot declined to comment on the status of negotiations with Chrysler, but did say that a complete shutdown would affect the jobs, directly or indirectly, of 50,000 workers.

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Foot said that the government had warned the West Europeans of the possibility of controls, and expected no hostile reaction from that quarter. Several Common Market countries--West Germany, most recently--have, however, told the British that they oppose selective controls. The subject was not on the agenda of the EC summit meeting in Rome, but it may have been discussed informally.

Foot justifies his support of import controls on the grounds that they are necessary to save jobs and retain vital trade union support for the Wilson government. He believes that the most difficult periods for the government will be when unemployment peaks and during next summer, when the unions decide how to react to the second phase of Wilson's anti-inflation program.

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Portuguese Party Eases Stand on Communists in Government

Portugal's centrist Popular Democratic Party has dropped its inflexible stand against Communist participation in the government, averting a showdown over the issue.

At a national congress held over the weekend, Popular Democratic delegates voted to allow the party to continue to participate with the Communists in the present government under certain conditions.

Many of the conditions either have already been met or could be met by the government without extreme difficulty.

Popular Democratic leaders, after extensive debate, backed away from a conflict with the Antunes faction and the Socialists over the Communist issue. The final resolution may have been a compromise to avoid splitting the conservative and leftist wings of the party. Party Secretary General Francisco Sa Carneiro had been calling for the ouster of the Communists for weeks because of their efforts to undermine the government.

Such calls intensified in the wake of the November 25-26 military rebellion, which both the Popular Democrats and the Socialists blamed on the Communists.

Communist Party leader Alvaro Cunhal, meanwhile, told 20,000 supporters in Lisbon yesterday that the party had not withdrawn from the government because that would only strengthen the right. He said a new threat from the right must now be overcome by changing

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the policies of the Socialists and the ruling faction in the Armed Forces Movement.

Cunhal told the Communist rally--the first since the rebellion--that the rebellion had been "disastrous," and he placed the blame on the far left. He said a bloody rout of the workers had been narrowly avoided when the Communist Party failed to support the uprising.

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Nazi Hunter Drops Charges Against Austrian Chancellor

Jewish Documentation Center chief Simon Wiesenthal dropped his slander charge against Chancellor Bruno Kreisky last week, presumably because the case might have been tried by a parliamentary committee rather than a court of law.

The judicial group that was to meet this week to decide whether Kreisky's immunity would be lifted so that he could engage in a civil litigation, had been expected to rule against such action. The alternative, which had been suggested by Kreisky, was to have the dispute aired by a parliamentary committee. Since the government has an absolute majority, the chances were slim that Wiesenthal would have won his argument against the Chancellor in such a forum.

Friedrich Peter, chairman of the Austrian Liberal Party, will, however, press his slander suit against Wiesenthal. It was Kreisky's defense of Peter--accused of participation in atrocities committed by an SS unit in which he was a member--that started the whole affair. Although Peter still seems confident that he can prove his innocence, the continuing publicity reflecting his association with the SS will be damaging. Nevertheless, Peter won the endorsement of his party's executive board and will enter court with its full support.

Peter also will press suits against two newspaper editors who published the accusations made by Wiesenthal. Chancellor Kreisky, still supporting Peter, also will sue a magazine for its coverage of the story. The four suits were filed in the Vienna

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court last week, but none of the principals was present. Wiesenthal's decision the day before to drop his charges against Kreisky probably caused some confusion among the litigants. Peter still could have second thoughts and, like Wiesenthal, eventually back away from further publicity over the issue.

The only real casualty so far is right-winger Otto Scrinzi, one of Peter's deputies. Scrinzi had earlier given an interview to an Austrian magazine in which he indicated that Peter might resign as party chairman to best serve the party's interests. Peter upbraided Scrinzi before the executive board for the interview and the board stripped Scrinzi of all party posts, leaving him only his seat in parliament. 25X1

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French Government Continues Moves Against
Military Unionizers

The French government has now arrested a total of 25 soldiers and civilians for trying to organize unions in army units and has been searching leftist labor union offices in several areas.

Defense Minister Bourges reportedly told a French journalist that extreme leftists, who were trained before they were drafted, had been aided by leftist union members in encouraging unionization of units equipped with "very sophisticated equipment." Bourges said the government believes the activity was designed not only to disrupt army discipline, but also to establish an espionage and sabotage network. He mentioned in this context the presumed connection to Soviet espionage services of a network uncovered in France last spring and the appearance in France last month of leftwing Portuguese military elements.

The Defense Minister said there is a separate, but related political aspect to the affair. He said President Giscard ordered Prime Minister Chirac to denounce the Socialists for their alleged involvement in the activity in the army. Two of the first group of those arrested were Socialists, but they were in the process of being expelled from the party when caught distributing pamphlets to soldiers. According to Bourges, Giscard was concerned about the negative international image of an army in disarray and of the French electorate disunited over the issue of a draftee army. The president, who has been trying to drum up public support for the military, wanted a show of national unity and anticipated that an attack on the Socialists would provoke them into demonstrations of their patriotism and support of the military.

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Giscard's effort to use the issue to drum up patriotic support is unlikely to be very effective, but the left will not gain much from it either. The Socialists did proclaim their support of military discipline, but their calls for reform of military life drew wide sympathy. The Communist Party also took a moderate stand and expressed opposition to military unions.

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[Redacted] Prime Minister Chirac and Interior Minister Poniatowski--may have lost the most in the affair. Chirac's attack on the Socialists was so heavy handed that many media commentators criticized him for over-reacting. The image of a ham-fisted government response was reinforced when Poniatowski accused the Communists of inciting French draftees to learn to shoot so they could attack their commanders someday. While some radical leftist splinter groups have in fact taken that line, the Communist Party responded that Poniatowski, who has taken on the Communists before, is himself a "menace to the nation."

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Only about 50,000 marchers showed up for a rally in Paris on December 6 called by the left to protest alleged government moves restricting civil liberties in the army. The rally slogans steered clear of the controversy over unionization, however, possibly because the Communists and Socialists, whose alliance has grown weaker over the last year, could not agree on a common approach. The marchers concentrated instead on calls for the removal of Poniatowski.

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Iceland to Raise Fisheries Dispute at NATO Meeting

Iceland intends to raise its fishing dispute with the UK at the NATO foreign ministers' meeting in Brussels later this week. The cabinet, at the same time, decided to defer raising the issue at the UN General Assembly, pending the outcome of the NATO meeting.

Prime Minister Hallgrimsson told the US ambassador on December 5 that the opportunity to air Iceland's grievances had been "the only real argument" deflecting pressures in the cabinet earlier last week to boycott the Brussels meeting.

Hallgrimsson did not indicate what steps by NATO would satisfy the Icelandic government. The ambassador gained the impression, however, that Hallgrimsson would settle for expressions of concern by the other foreign ministers over the dispute between the two alliance partners, and Secretary General Luns' offer to mediate.

Icelandic officials point out the government is under domestic pressure to take its case to the UN. Although deferring an approach to the General Assembly, Hallgrimsson said Reykjavik is contemplating sending "some sort of communication" to the Security Council. He did not indicate whether this would occur before the NATO meeting.

The cabinet's decision to defer action in the General Assembly is contingent upon there being no escalation in the cod war. On December 5, a British tug rammed an Icelandic coast guard patrol, the first such incident in the current dispute. Although this incident will increase tension in Iceland once it is

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publicized, the absence of bodily injury should enable government leaders to hold the line on their current strategy.

In London, a foreign office official expressed hope that Foreign Secretary Callaghan would be able to agree with Foreign Minister Agustsson in Brussels to reopen the negotiations on a fishing agreement that broke off last month. He said that Britain is willing to withdraw its frigates from Icelandic waters if Reykjavik refrains from harassing British trawlers during negotiations. Iceland has adamantly rejected this offer from the beginning of the dispute.

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Italian Communists Concerned Over Socialist Actions

The Italian Communist Party is working behind the scenes to avoid the possibility of a government crisis in an effort to gain more time to consolidate the sharp gains the Communists scored in elections last June. Party leaders fear that a government crisis now would lead to early parliamentary elections in which the central issue would be the question of Communist participation in the government.

The Communists are concerned in particular by pressures for a change of government that have begun to surface in the Socialist Party, whose parliamentary support is essential to the survival of the Moro government.

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De Martino is on record against withdrawing support for Moro at this time, but the Communists fear that he will yield to increasing pressure from advocates of such a move within his party. Many Socialists see Moro's government as discredited with the left and fear that the party's association with it will hurt Socialist chances in the next elections.

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The Socialists, moreover, do not hold posts in Moro's cabinet, but are committed to support it in parliament--an arrangement that gives them none of the advantages of government membership while depriving them of the freedom enjoyed by the Communists to criticize as an opposition party.

The growing tensions between the Communists and the Socialists are attributable in large part to the resentment of the latter over being left in an exposed position while the Communists maneuver behind the scenes to keep the government in place. In the view of some Socialists, the longer this is allowed to continue the harder it will be for their party to compete with the Communists in the next elections.

De Martino appears to have enough support to resist pressures from within his party to ease the Socialists' dilemma through an immediate government crisis. But the growing differences among Socialists will probably frustrate De Martino's ambition to emerge from the Socialist congress in February as the leader of a united party. The divisiveness in Socialist ranks will also make it more difficult for De Martino to continue support for Moro after the congress.

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